

Determination of Revised Assumptions

Retirement

- Revised assumptions maintain gender distinct rates.
- Revised rates are lower than the prior assumptions at most ages for both males and females not eligible for Retirement Plus and all teachers with less than 20 years and eligible for Retirement Plus.
- Revised rates for both males and females with 20-30 years of service and eligible for Retirement Plus are the same or somewhat greater at most ages than the prior assumptions.
- Revised rates are the same or comparable to the prior rates for both males and females with more than 30 years of service and eligible for Retirement Plus.
- Revised assumptions have a negligible impact on total plan cost.

Disability

- Revised rates are the same as the prior assumption at most ages. Rates at age 55 and older are slightly lower than the prior assumptions at all ages.
- Revised assumptions slightly decrease total plan cost.

Withdrawal

- Revised rates for males are generally the same or higher at most age/service combinations. Revised rates for females are generally the same or lower at most age/service combinations.
- Revised rates were determined using 5-year age groupings and grading the rates by each year of service from 0-9. All members with at least 10 years of service were grouped together.
- Revised assumptions have a negligible impact on total plan cost.

Salary Increases

- Revised salary increase assumption continues to be based on years of service. The initial rate of increase is somewhat lower than the prior assumption and the rates gradually grade down until reaching the ultimate rate of 4.0% at 20 years of service.
- Revised assumptions decrease total plan cost.

Determination of Revised Assumptions (continued)

Post-Retirement Mortality

- We reviewed a number of options in determining revised mortality rates. We considered different projection period for mortality improvement, different projection scales, white collar vs. blue collar mortality, and the impact on the size of the annual benefit. The assumption used in the January 1, 2013 actuarial valuation reflects the RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 15 years with Scale AA (gender distinct).
- For disability retiree mortality, we used the assumption outlined in the previous bullet for the January 1, 2013 actuarial valuation due to the uncertainty regarding the smaller number of exposures, the relatively small cost impact, and our work with respect to disability retirees was not yet complete when we issued the January 1, 2013 actuarial valuation. The revised assumption reflects an assumption more consistent with the disability retiree assumption used for other systems. The assumption reflects the same mortality table for retirees as described in the previous bullet, but projected for 5 years instead of 15, and set forward 3 years for males.
- Revised assumptions increase total plan cost.
- This assumption will continue to be monitored in each valuation. We expect to adjust this assumption frequently, perhaps annually, moving forward. The general RP-2000 mortality tables and projection scales are in the process of being updated and should be finalized this year. The updated tables will be reviewed and compared to the actual experience of the TRS in developing an updated assumption in 2015 and beyond.